GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Finance Department – Establishment of Andhra Pradesh State Financial Services Corporation Limited (APSFS) as a 100 % State owned Non-Deposit taking Non-Banking Financial Company (NBFC) - Orders – Issued.

FINANCE (IF) DEPARTMENT

G.O.Ms.No.18 **Date:06.03.2020**

Read the following

ORDER:

The Government of Andhra Pradesh (GoAP) is recognised for implementing progressive strategies for inclusive, transformative and sustainable development through Special Purpose Vehicles. These Government entities are key players in transforming the business & financial environment of the State leading to sustainable, comprehensive development and economic growth.

2. The Government has decided to provide professional Fund Management Services to the government entities to enable them to manage their working capital needs as well as provide optimal short/medium/long term investment avenues. To achieve this objective, the Government hereby establishes a non-deposit taking Non-Banking Financial Company – registered with the Reserve Bank of India (RBI) in the name and style of Andhra Pradesh State Financial Services Corporation Limited (APSFS), to provide professional fund management services and innovative financial strategies to the organizations controlled by the Government of Andhra Pradesh.

3. APSFS is a 100% wholly owned subsidiary of GoAP and incorporated as a Public Limited Company under the provisions of the Companies Act 1956 and Companies Act, 2013.

4. Main objectives of APSFS are:

A. To receive funds from entities under the purview of GoAP including all Corporations, Trusts, Endowments, Universities, Authorities, Boards and others organisations. The funds will be raised/ received in the form of Inter Corporate Deposits/Debentures/Liquid Deposits and/or in the form of other Short term and Long-term Investment instruments to be issued by APSFS from time-to-time.

B. Identify best avenues to maximise revenues from funds deployment including:

i. Negotiate and achieve better rates from banks given the larger pool of funds available with it and pass on better returns to the deploying agencies,
ii. Invest in Government of India Securities (G-Secs) and Treasury Bills,
iii. Invest in State Development Loan,
iv. Subscribe to AAA rated bonds, debt and quasi-debt financial instruments of Government of India PSU's and Govt of AP PSU's,

v. Deployment of funds in Liquid and Debt schemes of Asset Management Companies as empanelled by Investment Committee of the Board of APSFS, from time to time, and
vi. With Primary Dealers registered with RBI as per the limits approved by Investment Committee from time to time.

C. The securities in which funds are to be invested by APSFS, will be pre-approved by the Board from time-to time based on detailed analysis to be submitted by management of APSFS.

D. Explore lending to the state government entities at par or better rates than banks so as to benefit the projects and activities of these entities.

E. By considering the size, complexity, nature of operations involved, APSFS shall seek to raise money from capital markets (domestic and international) in compliance with various statutes, rules, regulations, as prescribed by various statutory and regulatory authorities. If necessary, the company in future and with approval from GoAP shall seek listing on stock exchange for raising money in the form of Initial Public Offer (IPO) or Further Public Offer (FPO).

F. Adopt strong and competent cash flow management practices to maximize return and minimize risks, achieve economies of scale in its operations.

G. Have strong corporate and regulatory governance structures in accordance with the applicable regulations and comply with various guidelines as applicable and issued by RBI from time to time.

H. APSFS shall operate as an independent and autonomous entity of Government of Andhra Pradesh with a professional management team under APSFS Board and shall have effective controls and risk management
practices in place.

5. The authorized and paid-up capital of APSFS is Rs.100 Crore. The initial paid-up capital at the time of incorporation and application to RBI for Certificate of Registration (CoR) of NBFC shall be Rs.2 Crore. Once the RBI license is obtained, the company will be recapitalized with remaining Rs.98 Crore before start of operations so as to have a total paid-up capital of Rs.100 Crore.

A. The shareholding / initial subscribers of APSFS are as follows:

S.No	**Name of the Subscriber**	**No. of Equity Shares taken by each Subscriber**
1	His Excellency Hon'ble Governor of Andhra Pradesh represented by Principal Finance Secretary, Finance Department, GoAP	1,999,994
2	Chief Secretary, GoAP	1
3	Principal Finance Secretary, Finance Dept.	1

	GoAP	
4	Special Secretary to Govt. (B&I), Finance Dept. GoAP	1
5	Special Chief Secretary to Govt, Revenue Dept., GoAP	1
6	Additional Secretary to Govt. Finance Dept., GoAP	1
7	Joint Secretary to Govt., Finance Dept., GoAP	1
	Total	**20,00,000**

B. The Government may appoint new shareholders after incorporation / commencement of business of the Company.

6. APSFS shall be managed by a Board comprising of senior State Government officials & industry experts.

A. The first Directors of the Company are:

S.No	Person	Designation
1	Chief Secretary, GoAP	Chairperson
2	Principal Finance Secretary, GoAP	VC & MD
3	Special Secretary, Finance (B & IF), GoAP	Director
4	Principal Secretary, Revenue, GoAP	Director

B. The above Directors will be for incorporation of new Company only. The Government shall appoint new Directors including Independent Directors in due course.

C. Directors with experience in Financial Services, Banking Sector, Fund Management & Treasury are preferable as Independent Directors.

D. All Members of the Board shall meet the fit and proper criteria as stipulated and accepted by RBI at the time of application and from time to time as applicable.

E. The Board shall constitute Audit Committee, Credit Committee, Investment Committee, Risk Management Committee and other committees as required under the Companies Act 2013 or any other applicable acts.

F. The Board shall appoint a professional management team including a professional Chief Executive Officer (CEO) and a core management team to be appointed with salary as per market standards as applicable for such institutions so as to manage day to day operations of the company in a professional and competent manner in line with industry best practices.

7. The registered office of the Company is proposed to be situated at 6th Floor, C-Block, Anjaneya Towers, Ibrahimpatnam, Krishna District, Andhra Pradesh.

8. Authorisations for incorporating and operationalising APSFS:

A. The Government hereby authorises Principal Finance Secretary, GoAP., to prepare and finalise the Memorandum of Association and the Articles of Association as per the provisions of the Companies Act, 2013, and to sign all papers, deeds, e-forms and other documents as applicable for incorporation of APSFS.

B. The Principal Finance Secretary, GoAP is authorized to incur necessary statutory expenses and fees of professionals to incorporate the Company and secure CoR from RBI. In this regard, the Government to allot necessary budget for meeting the above administrative expenses.

C. The Principal Finance Secretary, GoAP is nominated as nominee of the Hon'ble Governor of Andhra Pradesh for signing on the papers/ deeds/documents for the incorporation of the new company along with the Company Secretary of APSFS. Further, he is authorized to sign all forms/ deeds and documents for filing application with RBI for obtaining CoR of NBFC and responding to queries raised by RBI. The Principal Finance Secretary, GoAP shall take further necessary action in the matter accordingly and as required.

D. The proposed name of Andhra Pradesh State Financial Services Corporation Limited is subject to name availability from Ministry of Corporate Affairs or else Principal Finance Secretary, GoAP is authorised to propose an alternative name.

E. The Principal Secretary Finance, GoAP shall take further necessary action in the matter accordingly.

9. This order is available online and can be accessed at **http://goir.ap.gov.in.**

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

SHAMSHER SINGH RAWAT
PRINCIPAL FINANCE SECRETARY

To
All the Departments in A.P. Secretariat, Velagapudi, Amaravati.
All the Heads of Departments in A.P.
The Principal Accountant General (Audit) A.P. Hyderabad.
The Principal Accountant General (A&E) A.P Hyderabad.
The Regional Director, RBI, Hyderabad
The Registrar of Companies, A.P.

Copy to:
The OSD to Hon'ble Chief Minister.
The OSD to Minister for Finance.
The OSD to Chief Secretary.
The PS to Principal Finance Secretary.
The PS to Principal Secretary, Revenue Department.
The PS to Special Secretary, Finance (B & IF) Department
The CEO, APCFSS, A.P, Ibrahimpatnam
SF/SCs(Computer No.1097654)

//FORWARDED::BY ORDER//

SECTION OFFICER